IN THE HIGH COURT OF JUDICATURE AT BOMBAY
ORDINARY ORIGINAL CIVIL JURISDICTION

Income Tax Appeal No. 1033 of 2000

The Commissioner of Income Tax, Mumbai .. Appellant
V/s.
M/s. Backau Wolf (I) Ltd., Mumbai .. Respondent

Dr. P. Daniel with Mr. G. Hariharan for the Appellant
Mr. J.B. Ardhyarjuna, Sr. Counsel with Ms. R.M. Sethna for the Respondent

CORAM : S. RADHAKRISHNAN &
J.H. BHATIA, JJ.
DATED : 12.07.2005.

P.C.:-

1. Heard the learned counsel for the Appellant and the learned counsel for the Respondent. In the above, the following two questions of law are sought to be raised:-

a) Whether on the facts and in the circumstances of the case the Tribunal was justified in law in holding that the costs of designs & drawings amounting to Rs. 10,22,933/- & the entire foreign travel expenses of Rs. 22,76,300/- are allowable as revenue expenditure & cannot be subjected to the provisions of S. 35 AB?

b) Whether on the facts and in the circumstances of the case, the Tribunal was justified in law in holding that interest income of Rs. 8,76,000/- is liable to be included in the profits of eligible business for the purpose of deduction u/s. 32 AB of the I.T. Act?

2. As far as question (a) is concerned, we have perused the judgment of this Court on the very identical issue in **Additional Commissioner of Income Tax, Bombay City-I v. Backau Wolf New India Engineering Works Ltd. (1986) 157 ITR 751** and the above question is squarely covered with regard to technical know-how fees and also the travelling

expenses.

3. As far as question (b) is concerned, the same is squarely covered by judgment of the Supreme Court in **Apollo Tyres Limited V/s. CIT [255] ITR 273**. We have also perused the judgment of our High Court dated 23.8.2004 in Income Tax Appeal No. 215 of 2005, wherein this Court had declined to interfere in view of the aforesaid judgment of the Supreme Court, hence the Appeal stands dismissed.

(S. RADHAKRISHNAN, J.)

(J.H. BHATIA, J.)